

Committee on Ways and Means

Brief Summary of Medicare Provisions in the *Tax Relief and Health Care Act of 2006*

Title I

Medicare Improved Quality and Provider Payments

- 1. Increases payments for physician services and implements a quality reporting system for physician services.**
 - Prevents physician payment cuts in 2007 by freezing payment rates for physician services.
 - Provides a 1.5 percent bonus-incentive payment to physicians who report on quality measures in 2007.
 - Establishes a fund to promote physician payment stability and physician quality initiatives in 2008.
- 2. Extends the *Medicare Modernization Act* (MMA) floor on the Medicare work geographic adjustment for physician services.**
 - Establishes a floor on the work component of the physician geographic adjustor in 2007 to raise payments in certain rural areas.
- 3. Increases payments for dialysis services.**
 - Provides a 1.6 percent update to end stage renal disease (ESRD) facilities for 2007.
- 4. Extends the treatment of certain physician pathology services under Medicare.**
 - Continues direct billing for the technical component for pathology services by independent laboratories, rather than hospitals.
- 5. Extends the Medicare reasonable cost payments for lab tests furnished in small rural hospitals in low population areas.**
- 6. Corrects Medicare Part A issues and requires reports.**
 - Corrects mid-year expiration of the Medicare hospital wage index reclassifications, and requires the Medicare Payment Advisory Commission and Centers for Medicare and Medicaid Services to issue reports on the wage index.
 - Eliminates unnecessary reports.
- 7. Extends the MMA payment rule for brachytherapy.**
 - Allows brachytherapy to be paid based on hospital costs for another year.
 - Establishes codes for certain brachytherapy devices by July 1, 2007.
- 8. Clarifies the payment process under the Competitive Acquisition Program.**
 - Allows for a post-payment review process to ensure that payment is made for a drug or biological only if the drug or biological is delivered for administration to a beneficiary.

9. Requires the development of quality reporting for hospital outpatient services and ambulatory surgical center (ASC) services.

- Provides a full update to hospital outpatient and ambulatory surgical facilities that choose to provide designated quality data starting no sooner than 2009. Requires CMS to develop quality measures for hospital outpatient and ambulatory surgery services.

10. Requires reporting of anemia quality indicators for cancer anti-anemia drugs.

- Requires physicians to report anemia quality indicators when administering cancer anti-anemia drugs.

Title II

Medicare Beneficiary Protections

1. Ensures access to needed therapy.

- Provides a one-year extension of the exceptions process established in the *Deficit Reduction Act* to allow patients to apply for additional physical, occupational, and speech language therapy services if their treatment is expected to exceed the annual cap on therapy services.

2. Ensures access to vaccines.

- CMS has chosen not to reimburse providers for administering vaccines that are covered under the new Medicare prescription drug benefit (Part D). If doctors and their staff are not being paid to provide these vaccines, it will undoubtedly create access problems to these important preventive medicines. This provision ensures that providers will be paid for their services through Part B funds in 2007 and through Part D thereafter.

3. Provides for an OIG study regarding medical services that directly harm Medicare patients.

- Provides that the Office of Inspector General will conduct and report on a study involving the prevalence of, and payment for, “never events” in the Medicare program. Never events are medical services that the clinical community feels should never occur and result in the death or seriously disability of the patient.

4. Establishes a Medical Home Demonstration program.

- Establishes a three-year demonstration on the concept of a medical home model.
- The medical home model redesigns health care delivery system to provide targeted and coordinated care to patients suffering from one or more chronic conditions.
- A personal physician and physician practice work together to better manage these patients, so continuity of care is not disrupted.

5. Clarifies the rural Program of All-Inclusive Care for the Elderly (PACE) provider grant program.

- Retains previously appropriated outlier payment funds through 2010.

Title III

Medicare Program Integrity Efforts

- 1. Reduces the Medicare Advantage (MA) Stabilization Fund.**
 - Partially off-sets the cost of the health related provisions in this Act by reducing the funds available in the Stabilization Fund.
- 2. Reduces Medicare overpayments by extending and expanding the recovery audit contractor (RAC) program.**
 - Expands to all states the recovery audit program to identify and collect inaccurate Medicare overpayments and underpayments by specialized contractors.
- 3. Provides funding for the Health Care Fraud and Abuse Control Account (HCFAC) through the application of the consumer price index.**
 - Provides a four-year funding stream to the HCFAC through the application of the Consumer Price Index (CPI) to help reduce or eliminate fraud and abuse.
- 4. Ensures funding is available to the Secretary for implementation of this Act.**

Title IV

Other Health Provisions

- 1. Extends the Transitional Medical Assistance (TMA) and abstinence education programs.**
 - The TMA program, which continues Medicaid health benefits for families leaving welfare for work, and the abstinence education programs are extended through June 30, 2007.
- 2. Establishes grants to develop vaccines against Valley Fever.**
 - Provides \$40 million in grants through 2012.
- 3. Reduces limit on provider taxes from 6 percent to 5.5 percent from January 1, 2008 to September 30, 2011.**
- 4. Provides DSH allotments for fiscal year 2007 for Tennessee and Hawaii.**
- 5. Includes Medicaid Deficit Reduction Act (DRA) technical corrections.**